

Madam Chair, Members of the Committee thank you for the opportunity to testify here today on House Bill 1323. My name is Dennis Sykes, I am a 25 year resident of the Ken Caryl Community in Jefferson County Colorado. Several years ago I was elected to the Ken Caryl Master Association Board of Directors where I serve as Treasurer. The Ken Caryl community has 4100 homes and 150 businesses with approximately 15,000 residents; many of whom receive their electrical power from Intermountain Rural Electric Association (IREA) which is a target of this proposed legislation. I am not here today to speak for the Ken Caryl Board of Directors but in my elected capacity on the Board I have developed a sense of the community that I would like to share with you. It should be noted that the Ken Caryl Community won a National award for being the first such community in the United States to begin a curb side recycling program over 30 years ago. As the recycling program demonstrates the Ken Caryl Community is actively concerned with conservation and land preservation. In my year working career, prior to my retirement, I was involved in conservation and development issues as the Deputy CFO of the U.S. Bureau of Land Management and Director of their Nation Business Center located in Lakewood. Also during my working career I was on the adjunct faculty of Colorado University, Regis University and the University of Phoenix where I taught graduate and undergraduate accounting including cost accounting. The relevance of my professional work experience to this proposed legislation will be presented in my testimony. I am here today to oppose passage of House Bill 1323.

Like thousands of other Ken Caryl residents, for the past 25 years, I have received my electrical power for my home from the public utility IREA. The service has been extremely reliable and the rates have been stable for decades. If enacted House Bill 1323 will increase my electric bill along with tens of thousands of subscribers that IREA provides electricity to. It is a simple and clear accounting principal that if you spread the fixed costs over a reduced range of production the cost to each user will increase to cover those fixed costs. In addition, fixed costs always have step ranges which mean there are economies of scale that are not straight line but rather resemble steps for efficiencies over a range of production. Efficiencies that would normally be achieved by expanding to the next step in production will be lost with the production constraints proposed in this Bill. Not to mention how disastrous such a bill would be to the ability of a utility company to plan for future levels of production.

House Bill 1323 reminds me of the approach taken by Governor Lamb in the 1970's and 80's to limit growth by limiting new road construction. The former Governor now admits openly and publicly that such a policy was one of the worst public policy mistakes of his tenure as Governor. What happened in the southwest corridor was that the growth came and the roads didn't resulting in massive traffic congestion for hundreds of thousands of Colorado residents and businesses for at least a decade. Finally and belatedly C-470 was built along with new major highway road construction projects throughout the southwest corridor in an effort to catch-up to the growth that had already occurred. If House Bill 1323 were to pass electrical demand will still continue grow but in an environment of shortage, possible brown outs or even black outs.

If you artificially reduce the supply of electrical power how will residents be able to plug in their new electric cars? As more and more people work out of their homes, to avoid traffic congestion and pollution, where will they receive the power to run their home offices? Where will the power come from for new energy efficient homes if IREA has to limit the power it produces? How many people will have home generators for electrical power needs which burns gasoline or dirty diesel fuel? The point here is that like Ken Caryl residents 30 years ago who chose a recycling program without government interference, those same residents today are choosing each day to use energy efficient appliances, light bulbs, automobiles, etc. It simply is not necessary for nanny government to artificially cram down the ordinary and necessary use of electrical power.

Like my neighbors, I fully support solar, wind and geothermal renewal resources. However, it is clear that we also need clean coal technology, natural gas and hopefully nuclear power someday. What is missed in this Bill is that future demand can be derived from a variety of sources that in the mix can be increasingly environmentally responsible. The Bill further assumes that increasing supply of electricity in and of itself is a bad thing. It does not envision a world where increased supply can be achieved in an environmentally sensitive and reasonable way.

Lastly, limiting growth as proposed in this Bill will adversely affect job creation at a time of very high unemployment in Colorado. In essence this Bill raises utility costs to consumers, increases unemployment and jeopardizes future necessary supply for a strong and vibrant Colorado economy. Please vote NO on House Bill 1323. Thank You.